

2005 Integrated Energy Policy Report

Integrated Energy Policy Report Committee:

Commissioner John L. Geesman, Presiding Member
Commissioner James D. Boyd, Associate Member

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Agenda

October 7, 2005

- **Overview of *Draft Energy Report* chapters:**
 - **Ch. 3 Electricity Needs and Procurement Policies**
 - **Ch. 5 Transmission Challenges**
- **Receive comments on those topics**
- **Written comments are due: *October 14***



2005 Energy Report

Hearing Schedule

| | |
|-----------------------------|---|
| September 23, 9 a.m. | <i>Draft Strategic Transmission Plan</i> |
| September 27, 1 p.m. | <i>Water/ Energy, Global Climate Change, and Border Energy</i> |
| September 29, 1 p.m. | Transportation |
| October 6, 9 a.m. | Demand-side Resources, Distributed Generation, Renewable Resources, and other Electricity Resources (Clean Coal and Nuclear) |
| October 7, 9 a.m. | Electricity Needs & Procurement Policies, and Transmission |
| October 7, 1 p.m. | Natural Gas |



2005 Energy Report Schedule

- October 14: Written comments due
- Early November: Publish the Final Committee *Energy Report*,
Transmission Strategic Plan, and *Transmittal Report*
- November 16: Energy Commission Business Meeting to
consider adoption of the *2005 Energy Report*,
Transmission Strategic Plan, and
Transmittal Report
- Early December: Deliver report to Governor and Legislature



Energy Report Process

Public Resources Code 2300 et seq.

Integrated policy development

- **Policy recommendations will be made based on an in depth and integrated analysis of energy issues facing the state. (Pub. Res. Code 25302(b))**

Common information base for energy agencies

- **The state's energy agencies will use the information and analyses contained in the report to carry out their energy-related duties. (Pub. Res. Code 25302(f))**

Timing

- **A policy report that includes an in depth assessment and forecasts of all energy sectors will be adopted by the Energy Commission every two years, and a supplement to the previous energy report on specific issues will be adopted in the off years.**



2005 Energy Report Proceeding

- Collaboration with federal, state and local agencies
- 50+ Committee hearings and workshops
- 25,000+ pages of docketed materials
- More than 50 staff and consultant papers and reports
- Three Draft Committee Reports
 - ***2005 Energy Report***
 - ***Strategic Transmission Investment Plan***
 - ***Transmittal Report to CPUC (coming soon)***



Draft Energy Report

Electricity Needs and Procurement Policies

Current setting - electricity demand

- Statewide annual electricity consumption increased an average of 2 percent per year over last two years.
- Consumption is forecast to grow between 1.2 and 1.6 percent annually from 2003 to 2016.
- Peak demand also increasing, imposing huge burdens on electric system.



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Electricity Needs and Procurement Policies

Current setting - electricity supply

- Of the 22,000 MW of new power plants approved since 1998, 7,000 MW are stalled because of lack of PPAs.
- Number of annual new power plant applications has drastically decreased, from 42 in 2001 to 5 in 2005.



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Electricity Needs and Procurement Policies

Current setting - resource adequacy

- California could face low reserve margins and shortages, particularly in Southern California.
- Effective June 2006, IOUs must meet year-round planning reserve of 15-17%.
- No mechanism to ensure resource adequacy for POUs.



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Electricity Needs and Procurement Policies

Current setting - confidentiality

- Confidentiality of IOU data precludes and open public resource planning process.
- Confidentiality of RPS procurement data hampers ability to ensure that public funds for above-market RPS costs are appropriately spent.



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Electricity Needs and Procurement Policies

Key recommendations

- Require utility long-term procurement to cover annual “net short” plus retirement or replacement by 2012 of identified aging power plants.
- Legislature should adopt resource adequacy requirements for all LSEs.
- Energy Commission will participate in CPUC rulemaking process to revise regulations governing disclosure of records.
- CPUC should not rely on confidential procurement review groups



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Transmission Challenges

Current setting

- Congestion and related reliability services cost Californians >\$1 billion last year.
- California lacks an integrated transmission planning and permitting process, that includes long-term corridor planning
- California needs major transmission infrastructure to interconnect with remote renewable resources.



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Transmission Challenges

Key recommendations

- Establish a comprehensive statewide transmission planning process.
- Transfer siting functions for transmission lines from CPUC to the Energy Commission
- Give Energy Commission authority to establish a corridor identification process and designate corridors.
- Identify cost-effective projects that increase ability to transfer electricity between CA ISO control areas and other California control areas.
- Take advantage of complementary utility systems in California and the Pacific Northwest.



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Transmission Challenges

Recommended Transmission Projects:

- PVD2 500 kV Project
- Sunrise Powerlink 500 kV Project
- Tehachapi Transmission Plan, Phase One:
Antelope Transmission Project
- Imperial Valley Transmission Upgrade
Project



2005 Energy Report Hearing

October 7, 2005

To call and participate
in today's meeting,
please call:

888-790-1711

Passcode: **HEARING**
Call Leader: **Kevin Kennedy**

Written comments due October 14

